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SUBJECT: CARIBBEAN PORT SLOWDOWN ENDS POSITIVELY FOR
GOVERNMENT

REF: A. SAN JOSE 2312
[1](#)B. SAN JOSE 2431

[1](#)1. (U) SUMMARY: On October 27, a month-long standoff between dockworkers in the Caribbean ports of Limon and Moin ended. A full strike over the last four days of the slowdown added to the financial losses the region was already suffering, causing a cruise ship with 3,000 passengers to cancel a planned port call in Limon. The GOCR and dockworkers union negotiated an end to the increasingly unpopular slowdown/strike and announced a settlement in which the GOCR would pay the workers a back-payment owed to them and not punish the dockworkers for the slowdown. The union, most importantly, agreed to no longer condition the end of the slowdown on the GOCR's ending plans to concession the ports. The GOCR also unveiled plans to develop a "megaport" in the region, but added that only a concession would have the 500 million dollars necessary to fund the project. The successful end of the slowdown/strike was another late October achievement for the Arias government which also included a fizzled anti-CAFTA strike and setting a definitive date (December 12) for a committee vote on CAFTA. END SUMMARY.

THE SLOWDOWN BECOMES A STRIKE

[1](#)2. (U) On October 27, the month-long standoff between the 1,100-member Caribbean dockworkers union (SINTRAJAP) and the GOCR (Ref A) ended peacefully, but not without a last-minute flare up. On October 23, workers in Limon port moved from a work slowdown to a total strike as part of the nationwide anti-CAFTA protests (Ref B) and to underscore their continued opposition to the government's concession plan for the ports. That same day, a Limon judge ruled that the work slowdown was illegal, giving the government the power to fire participating workers, if needed. During the evening of October 24-25, protestors torched a tractor trailer cab and several rowdy individuals were arrested in downtown Limon. In an attempt to break the impasse, Minister of Labor Francisco Morales met with SINTRAJAP on October 25 in Limon, but the sides failed to reach agreement. The government was fully prepared to pay an outstanding collective bargaining agreement payment, but rejected demands to drop penalties against striking workers and to halt its port concession plan. The government also insisted that the strike had to stop before any payment was made to the union, a condition SINTRAJAP promptly rejected.

ONE (MISSED) SHIP VISIT MAKES THE DIFFERENCE

13. (SBU) The Limon strike and associated disturbances caused the Carnival cruise ship "Victory" with 3,000 passengers aboard to forego a scheduled Limon port call on October 26. Acting swiftly, the President,s office issued a press release (widely referred to in media reports) which estimated that the cancelled stop had cost the impoverished Limon region over \$110,000. SINTRAJAP itself lost an estimated \$12,000 dollars in docking fees. (COMMENT: The Embassy may have influenced Carnival,s decision. The firm,s chief security officer called from Miami during the height of the strike on October 24. Pol Couns and ARSO gave him a factual update, based on our best information at the time, and that evidently raised enough concern at Carnival,s headquarters for the cruise company to skip Limon. END COMMENT.)

14. (U) The port visit cancellation seemed to tip the balance. Minister Morales again met with SINTRAJAP October 26-27, and after a six-hour overnight negotiation session, both sides reached agreement. The GOCR agreed to pay dockworkers the \$900,000 collective bargaining payment and not to sanction dockworkers who had participated in the September 23-October 22 slowdown. SINTRAJAP agreed that workers who took part in the October 23-26 strike would have their pay docked. More importantly, the union agreed not to condition the return to normal work on the government's dropping its concession plan. Finally, the government agreed to present its plans for the economic development of the Limon province and to continue dialogue with the union on the concession issue on October 30.

15. (SBU) On October 27, Limon was operated normally. The Ambassador and Pol Couns, in Limon on other business, observed two cargo vessels and the Holland America Line,s 1500-passenger "Amsterdam" tied up in the port that morning. Local banking officials and reps from the major US firms using Limon,s sister port of Moin (Chiquita, Del Monte and

Dole) told the Ambassador that the Limon area community was tired of the strike and glad it was over. Local residents in the depressed Limon economy badly needed the cruise ship business, and resented that the union had dragged the problem on so long.

A LASTING SOLUTION?

16. (SBU) Minister Morales told Poloffs on October 31 that SINTRAJAP made "three mistakes" which cost them. First, they went on strike in October, "carnival" season in Limon and along the Caribbean coast, when the area expected additional cruise ship visits and tourism. Second, they forced one ship (the "Victory") away at a significant (and well-publicized) cost for the local economy. Third, the union did not expect the GOCR,s "tough" reaction, first using police to keep the ports open during the initial slowdown in September, then going on the public relations offensive when the "Victory" visit was cancelled. Morales noted that Limon province suffers 20% unemployment and many tour operators and small vendors depend on cruise ships for their livelihood. Like the US business reps who met with the Ambassador, however, Morales acknowledged that this drama has not played out completely, since the port concession issue remained to be resolved.

17. (U) As promised in the agreement with SINJATRAP, Minister w/o Portfolio Marco Vargas presented the GOCR's economic development plan for Limon province to a group of local political and labor leaders on October 30. The ambitious plan envisions a "megaport" that would serve as a distribution center offloading and loading cargo from large international container ships for distribution by smaller ships throughout the region. Vargas stressed that the \$500 million investment necessary for a project of this magnitude could only come from a successful concession operation. For its part, the union maintained its anti-concession position, but promised to study the GOCR proposal and respond within coming weeks. President Arias also including Limon on his agenda during his November 6-7 visit to Chile. He told the

media he had invited the same Chilean investors who had helped modernize the Pacific Coast port of Caldera (now run by a private concession) to do the same in Limon.

COMMENT: NOT QUITE A "PATCO MOMENT"

18. (SBU) Minister Morales, like other GOCR officials we have met with over the last two weeks, sounded confident and pleased with the Arias Administration's trifecta of successes since late October. First, the anti-CAFTA protest fizzled. Second, the Limon port strike was resolved (this chapter, anyway). Third, the Legislative Assembly set a date certain (December 12) for the International Relations Committee to (finally) vote on CAFTA, the prerequisite for sending it to the full plenary for action after the holiday recess. The GOCR can (and should) take some satisfaction from these successes, for now. Meanwhile, the anti-CAFTA forces have vowed another round of protests, which could turn violent. The Limon workers have been bought off, but the longer-term viability of the port remains a question. Floor debate on CAFTA likely will require skillful and determined management by the government. For President Arias and his team, their sternest political tests - what could be their real "PATCO moments" - may lie ahead.

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